



**Front Cover**

The mysteries of nature often unfold in the treatment of data. These colored aeromagnetic maps help guide exploration on the Flin Flon Project.



## **Consolidated Financial Statements**

for the Year Ended December 31, 1976  
Consolidated Morrison Explorations Limited  
and Subsidiaries

### **Officers**

A. W. Stollery, *President*  
A. Gordon Stollery, *Executive Vice-President*  
George T. Smith, *Vice-President*  
M. A. Columbus, *Secretary-Treasurer*

### **Directors**

M. A. Columbus, *Toronto, Ontario*  
William James, *Toronto, Ontario*  
H. Reimer, *Toronto, Ontario*  
George T. Smith, *Toronto, Ontario*  
Robert M. Smith, *Oakville, Ontario*  
A. Gordon Stollery, *Toronto, Ontario*  
A. W. Stollery, *Toronto, Ontario*

### **Honourary Directors**

Dr. P. W. Ferris, *Toronto, Ontario*  
D. R. Watt, *Toronto, Ontario*

### **Auditors**

Coopers & Lybrand,  
Chartered Accountants,  
145 King Street West,  
Toronto, Canada.

### **Registrars and Transfer Agent**

Canada Permanent Trust Company,  
20 Eglinton Ave. West,  
Toronto, Canada.

### **Bankers**

Canadian Imperial Bank of Commerce,  
Main Branch, Commerce Court,  
Toronto, Canada.

### **Executive Offices**

Suite 1700,  
11 King St. West,  
Toronto, Canada,  
416-363-1644.

# Directors' Report To the Shareholders

for the Year Ended December 31, 1976

Consolidated Morrison Explorations Limited

In 1976 renewed exploration efforts were commenced on the Flin Flon, Urex, Township 168 and Great Burnt Lake projects under the sponsorship of the Saskatchewan Mining Development Corporation, Norcen Energy Resources Limited, Imperial Oil Limited and Rio Tinto Canadian Exploration Limited, respectively. The Richmond Hill farm sale was successfully completed in 1976 as were the negotiations to sell the Vaughan properties. The following is an outline of the above and other developments.

## Flin Flon Project:

The Flin Flon project is a regional exploration program whose object is the discovery of massive sulphide base metal deposits. The area of concern lies 25 miles south of Flin Flon, Manitoba and involves approximately 190,000 acres in Saskatchewan and 20,000 acres in Manitoba. During 1976 the project was broken into two joint ventures, one in Saskatchewan and one in Manitoba. Consolidated Morrison is the operator of all exploration activity.

## Saskatchewan:

Exploration of the Saskatchewan acreage in 1976 consisted of a 2,800 line mile airborne geophysical survey, ground geophysical followup on 44 selected electrical anomalies and the diamond drill examination of four. Total footage drilled was 2,000 ft. and, although unsuccessful in locating economic mineralization, demonstrated a favourable geological environment. The 1977 budget is \$400,000 most of which will be spent on diamond drilling of high priority targets. The Saskatchewan Mining Development Corporation (S.M.D.C.) is a 50% joint venture partner. Consolidated Morrison's approximate net interest is 27%.

## Manitoba:

No exploration was carried out on the Manitoba acreage in 1976 although agreements were nearly finalized permitting a major program to commence in 1977. The 1977 program will be comprised of airborne and ground geophysical surveying followed by diamond drilling of selected targets. The budget is \$250,000. Consolidated Morrison's net interest is approximately 20% subject to joint venture agreements presently being finalized with the S.M.D.C. and the Manitoba government.

## Township 168 Project:

The Township 168 project is an attempt to establish the presence of deep bedded uranium deposits of commercial grade on property held 20 miles west of the main Rio/Denison ore zone area Blind River, Ontario. Two 4,500 foot tests were completed in 1976 by Imperial Oil Limited to earn a 51% interest in

the 6,000 acre venture. Results were below expectations but the presence of definite uranium bearing strata was confirmed over a large area with grades in the order of 0.25 lbs.  $U_3O_8$  per ton. The possibility of future work in the area is presently being studied.

## Urex Project:

Urex is a uranium exploration project in joint venture with Norcen Energy Resources Limited and D. S. Robertson Associates Limited. The major landholding consists of 20,000 acres adjacent to Agnew Lake Mines Limited, which is to commence producing  $U_3O_8$  at the rate of 1,000,000 lbs/year in 1977. In 1976 approximately \$240,000 was spent in exploration which resulted in a significant tonnage of material being outlined at grades in the order of 0.6  $U_3O_8$  lb/ton. The 1977 budget is a minimum of \$350,000 and may be increased depending on results. A substantial amount of these funds is earmarked for deep diamond drilling to follow the down dip projection of high grade showings examined in the fall of 1976.

## Approximate Landholdings in Morrison Projects

Project	Gross Acreage	Net Acreage
1. Appalachian .....	23,116	20,157
2. Flin Flon (Saskatchewan) .....	191,560	51,721
3. Flin Flon (Manitoba) .....	19,126	3,825
4. Great Burnt Lake .....	11,670	10,503
5. Morrison Nuclear .....	68,871	7,545
6. Terrane (James Bay) .....	6,388	1,654
7. Township 168 .....	6,040	2,621
8. Urex .....	28,240	16,714
9. Other .....	6,190	4,071
	361,201	118,811



**Great Burnt Lake Project:**

Formerly included in the "Appalachian Project", Great Burnt Lake, Newfoundland is now a separate venture as a result of the recognition of the favourable geological environment on the 12,000 acres involved and of the increased exploration pace due to the participation of Rio Tinto Canadian Exploration Limited. Rio became involved during the summer of 1976 and completed extensive field work and four diamond drill holes. In addition a 700 line mile airborne geophysical was flown which pointed out some interesting features for followup in 1977. Rio can earn a 51% interest in the properties by spending \$500,000 by 1981.

**Appalachian Project:**

The landholding in this project, aimed at the discovery of massive sulphide base metal deposits, includes a number of claim blocks near Bathurst, New Brunswick, a large mineral grant in Newfoundland called Reid Lot # 50 and a lease on the Pilley's Island sulphide deposit, Newfoundland. Exploration in 1976 consisted of airborne geophysical surveys, further ground geological investigation and three diamond drill holes on Reid Lot # 50. Drilling on the latter property resulted in the extension of known Cu-Zn mineralization. Further work is planned for 1977.

**Other Mineral Interests:**

Consolidated Morrison continues to hold a 53 claim group in the Sturgeon Lake area Ontario through its 74% owned subsidiary Morcon Explorations Limited, a 25.9% interest in a large columbium deposit in the James Bay Lowlands of Ontario and the site of the old Morrison silver mine near Gowganda, Ontario.

**Morlan Properties Limited:**

During 1976 Morlan Properties Limited completed the sale of the Richmond Hill farm for Consolidated Morrison which is reflected as an extraordinary item in this year's financial statements. Morlan also arranged the sale of 340 acres in Vaughan Township, Ontario which was subsequently completed in February 1977 at a price of \$1,850,000. The joint venture redevelopment of downtown Toronto Victorian townhouses was completed in 1976. Approximately \$400,000 is retained as a high yield early maturity mortgage portfolio as a consequence of this latter venture.

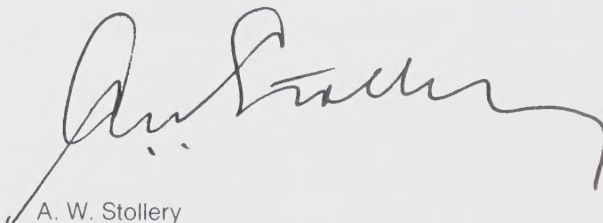
**Investments:**

No change occurred in the company's 200,000 shareholding in Noranda Mines Limited. Noranda announced earnings in 1976 of \$46,700,000 or \$1.98 per share. At recent market prices, this investment has a market value of \$6,000,000 the equivalent of \$1.33 per Morrison share.

**Outlook:**

The thrust of the 1977 mineral exploration effort will be the diamond drill programs planned for the Flin Flon, Urex and Great Burnt Lake projects. At the same time the company will be actively seeking investment opportunities in the Canadian oil and gas business.

On behalf of the Board of Directors



A. W. Stollery  
President

March 1st, 1977

# Consolidated Balance Sheet

as at December 31, 1976

Consolidated Morrison Explorations Limited

## Assets

Current Assets	1976	1975
Accounts receivable .....	\$ 81,177	\$ 21,063
Short-term investments — at cost .....	—	206,000
	<u>81,177</u>	<u>227,063</u>
Mortgage Receivable (note 2) .....	<u>1,205,054</u>	<u>—</u>
Investment in and Advances to Joint Ventures (note 3) .....	<u>560,729</u>	<u>638,489</u>
Investment in Other Companies — at cost (quoted market value 1976 — \$5,938,650 1975 — \$5,855,433) (note 4) .	<u>589,017</u>	<u>465,408</u>
Mining and Oil Properties (note 5) .....	<u>2,543,171</u>	<u>2,597,804</u>
Land Held for Investment — at cost (note 6) .....	<u>2,616,524</u>	<u>3,345,089</u>
Fixed Assets — at cost, less accumulated depreciation and amortization (1976 — \$65,857; 1975 — \$50,213) .....	<u>48,918</u>	<u>16,515</u>
	<u>\$7,644,590</u>	<u>\$7,290,368</u>

## Auditors' Report to the Shareholders

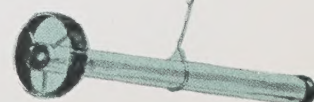
We have examined the consolidated balance sheet of Consolidated Morrison Explorations Limited as at December 31, 1976 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. We have relied on the report of the auditors who have examined the financial statements of one of the joint ventures.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1976 and the results of its operations and the changes in its financial

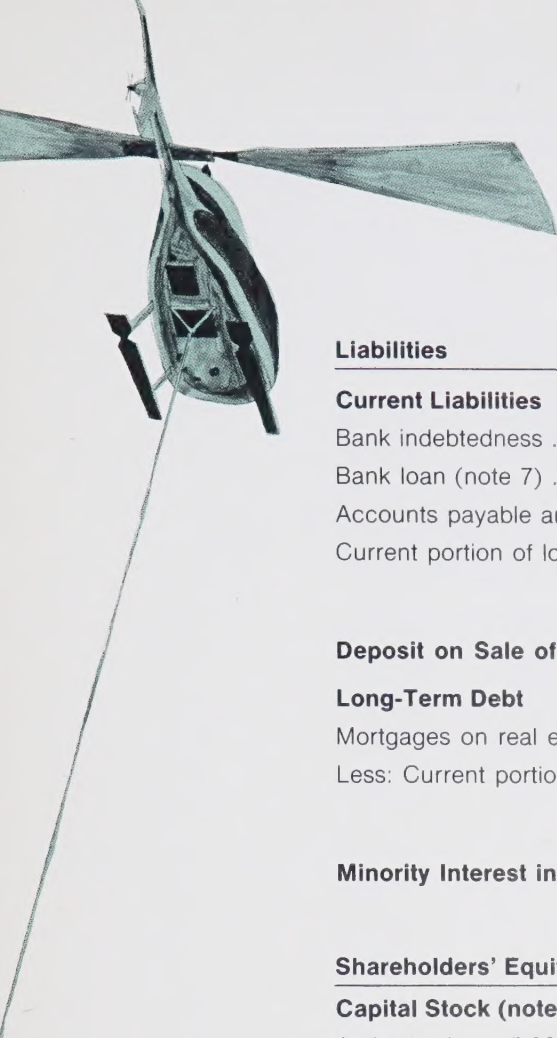
position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

COOPERS & LYBRAND  
Chartered Accountants

February 16, 1977







## Liabilities

### Current Liabilities

	1976	1975
Bank indebtedness .....	\$ 74,665	\$ 66,387
Bank loan (note 7) .....	2,023,000	2,145,000
Accounts payable and accrued liabilities .....	67,077	41,551
Current portion of long-term debt .....	35,100	45,707
	<u>2,199,842</u>	<u>2,298,645</u>

### Deposit on Sale of Land Held for Investment (note 8) .....

100,000

—

### Long-Term Debt

Mortgages on real estate (note 9) .....	722,093	767,800
Less: Current portion .....	35,100	45,707
	<u>686,993</u>	<u>722,093</u>

### Minority Interest in a Subsidiary .....

14,625

14,625

3,001,460

3,035,363

## Shareholders' Equity

### Capital Stock (note 10)

Authorized — 5,000,000 shares of \$1 par value each		
Issued — 4,530,000 shares .....	4,530,000	4,530,000
Less: Discount .....	1,609,996	1,609,996

2,920,004

2,920,004

### Retained Earnings .....

1,723,126

1,335,001

4,643,130

4,255,005

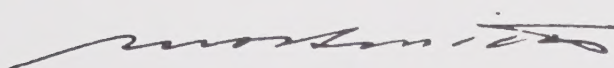
\$7,644,590

\$7,290,368

Signed on Behalf of the Board



A. W. STOLLERY, Director



G. T. SMITH, Director

## Consolidated Statement of Earnings

for the year ended December 31, 1976  
Consolidated Morrison Explorations Limited

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	1976	1975
<b>Income from Investments</b>		
Dividends .....	\$ 240,000	\$ 400,000
Interest and royalties .....	128,474	21,239
Joint ventures (note 3) .....	55,422	24,922
	<u>423,896</u>	<u>446,161</u>
<b>Administrative and Financial Expense</b>		
General administration .....	247,327	184,697
Bank interest .....	198,033	202,995
	<u>445,360</u>	<u>387,692</u>
Less: Amounts allocated to mining and oil exploration .....	171,998	109,444
	<u>273,362</u>	<u>278,248</u>
<b>Earnings Before Exploration Activity and Extraordinary Items</b> .....	<u>150,534</u>	<u>167,913</u>
<b>Exploration Activity</b>		
General exploration costs .....	101,988	46,754
Mining and oil properties abandoned and exploration expenditures applicable to properties written off .....	290,957	50,522
Gain on sale of oil leases .....	—	(18,551)
	<u>392,945</u>	<u>78,725</u>
<b>(Loss) Earnings Before Extraordinary Items</b> .....	<u>(242,411)</u>	<u>89,188</u>
<b>Extraordinary Items</b>		
Gain (loss) on sale of investments (note 11) .....	630,536	(79,554)
<b>Net Earnings for the Year</b> .....	<u>\$ 388,125</u>	<u>\$ 9,634</u>
<b>Per Share Information:</b>		
Earnings before exploration activity and extraordinary items .....	\$0.033	\$0.037
(Loss) earnings before extraordinary items .....	<u>(\$0.54)</u>	<u>\$0.020</u>
Net earnings for the year .....	<u>\$0.086</u>	<u>\$0.002</u>

## Consolidated Statement of Retained Earnings

for the year ended December 31, 1976  
Consolidated Morrison Explorations Limited

	1976	1975
<b>Balance — Beginning of Year</b> .....	\$1,335,001	\$1,325,367
Net earnings for the year .....	388,125	9,634
<b>Balance — End of Year</b> .....	<u>\$1,723,126</u>	<u>\$1,335,001</u>



# Consolidated Statement of Changes in Financial Position

for the year ended December 31, 1976

Consolidated Morrison Explorations Limited

	1976	1975 (note 15)
<b>Source of Working Capital</b>		
Current operations —		
Net (loss) earnings for the year before extraordinary item .....	<b>\$ (242,411)</b>	\$ 89,188
Items not affecting working capital —		
Depreciation and amortization .....	<b>15,644</b>	6,836
Net cost of oil leases sold and related deferred exploration expenditures .....	<b>—</b>	107,511
Income from joint ventures .....	<b>(55,422)</b>	(24,922)
Mining and oil properties abandoned .....	<b>68,244</b>	11,450
Deferred exploration expenditures applicable to mining and oil properties abandoned .....	<b>222,713</b>	39,072
	<b>8,768</b>	229,135
Proceeds on sale of land held for investment .....	<b>1,479,763</b>	—
Deposit on sale of land held for investment .....	<b>100,000</b>	—
Proceeds on sale of investment in shares of other companies .....	<b>69,274</b>	21,310
Reduction of investment in and advances to joint ventures .....	<b>133,182</b>	3,866
	<b>1,790,987</b>	254,311
<b>Use of Working Capital</b>		
Increase in investment in other companies .....	<b>206,000</b>	—
Mortgage receivable .....	<b>1,205,054</b>	—
Additions to mining and oil properties .....	<b>15,930</b>	10,689
Deferred exploration expenditures .....	<b>220,394</b>	262,706
Carrying charges on land held for investment .....	<b>107,545</b>	159,392
Reduction of long-term debt .....	<b>35,100</b>	46,123
Additions to fixed assets .....	<b>48,047</b>	8,906
	<b>1,838,070</b>	487,816
<b>Decrease in Working Capital</b> .....	<b>47,083</b>	233,505
<b>Working Capital Deficiency — Beginning of Year</b> .....	<b>2,071,582</b>	1,838,077
<b>Working Capital Deficiency — End of Year</b> .....	<b>\$2,118,665</b>	\$2,071,582



# Notes to Consolidated Financial Statements

for the year ended December 31, 1976

Consolidated Morrison Explorations Limited

## 1. Accounting Policies

- (a) The consolidated financial statements include the accounts of the company and its subsidiaries of which Morcon Explorations Limited is 74% owned and the following are wholly-owned: Morrison Resources Limited, Morrison Nuclear Inc. and Morlan Properties Limited.
- (b) Mining and oil properties are generally carried at cost and exploration costs related thereto are deferred. If a property is abandoned or considered to be of little future value, the cost thereof and the related deferred exploration expenditures are written off in the statement of earnings.
- (c) Land held for investment is carried at cost and applicable carrying charges are capitalized.

## 2. Mortgage Receivable

This mortgage which arose on the sale of land held for investment, bears interest at the rate of 9% and is due in 1981.

## 3. Investment in and Advances to Joint Ventures

The company's interests in its two joint ventures are being accounted for by the equity method.

## 4. Investment in Other Companies

	1976	1975
Noranda Mines Limited — 200,000 shares at cost (quoted market value 1976 — \$5,750,000; 1975 — \$5,800,000)	\$ 351,702	\$ 351,702
Other listed shares and debentures — at cost (quoted market value 1976 — \$188,650; 1975 — \$55,433)	237,312	88,704
Other shares (unlisted or escrowed) — at cost less amounts written off	3	25,002
	<u>\$ 589,017</u>	<u>\$ 465,408</u>

## 5. Mining and Oil Properties

	1976	1975
Mining claims — at cost — Great Burnt Lake, Newfoundland (90% interest)	\$ 15,275	\$ 15,275
James Bay Lowlands, Ontario (25.9% interest)	5,600	5,600
Gowganda Area, Ontario	614,500	614,500
Flin Flon Area, Saskatchewan (53.3% interest)	12,992	12,992
Bathurst Area, New Brunswick	11,930	1,500
Blind River Area, Ontario — Township 168 (49% interest)	41,202	41,202
Blind River Area, Ontario — Urex Project (60% interest)	22,029	22,029
Sturgeon Lake, Ontario	63,564	63,563
Converse County, Wyoming, U.S.A. (20% interest)	35,627	103,869
Pilley's Island, Newfoundland	727	727
Reid Lot No. 50, Newfoundland	525	525
Other Claims and interests	6,500	1,003
	<u>830,471</u>	<u>882,785</u>

	1976	1975
Deferred exploration expenditures on mining claims — Great Burnt Lake	\$ 77,764	\$ 36,605
James Bay Lowlands	534,647	531,772
Gowganda Area	40,120	39,919
Flin Flon Area	97,139	93,674
Flin Flon Area — Saskatchewan Joint Venture	57,596	—
Bathurst Area	139,937	118,794
Blind River Area — Township 168	359,605	362,761
Blind River Area — Urex	104,815	93,676
Converse County, Wyoming	114,747	317,759
Pilley's Island	69,750	45,730
Reid Lot No. 50	47,123	11,450
Other locations	22,272	22,916
	<u>1,665,515</u>	<u>1,675,056</u>
Oil and gas leases in the United States — at cost	5,588	5,588
Deferred exploration expenditures on oil and gas leases	41,597	34,375
	<u>\$2,543,171</u>	<u>\$2,597,804</u>

During the year the company and its partners entered into a joint venture agreement with the Saskatchewan Mining Development Corporation (SMDC) whereby SMDC may earn a 50% participating interest on mining properties held by the company in the Province of Saskatchewan. This agreement provides that the company and its partners be compensated for previous expenditures by SMDC paying 75% of the first \$400,000 exploration programme and by SMDC paying 62.5% of the second \$400,000 expended. SMDC acquires a 50% participating interest after the first \$400,000 has been expended.

The company and its partner entered into an agreement with Norcen Energy Resources Limited (Norcen) whereby Norcen is committed to spend \$400,000 to earn a 15% undivided interest in the mineral claims held by the company and its partner in the Urex Project.

The company entered into an agreement with Rio Tinto Canadian Exploration Limited (Rio) whereby the company granted Rio an option to acquire a 51% undivided interest in the Great Burnt Lake Project, provided Rio has expended an aggregate amount of \$500,000 by August 1981.

During the year the company assigned its 49% working interest in certain mining claims held in Converse County, Wyoming to Mobil Oil Corporation. As full consideration for this assignment, the company received a 3% overriding royalty interest. These interests have been written down to a nominal value of \$1.00.

The amounts shown for mining claims, oil and gas leases and deferred exploration expenditures represent net costs to date, less amounts written off, and do not necessarily reflect present or future values.



# Notes to Consolidated Financial Statements

Continued

## 6. Land Held for Investment

Land held for investment is stated at the lower of cost and net realizable value and includes the following:

	1976	1975
Land, at cost	\$2,208,864	\$3,016,193
Property taxes and mortgage interest	227,329	157,125
Consulting, engineering and legal costs	197,663	181,047
Applicable portion of administrative expenses	11,030	13,661
	<u>2,644,886</u>	<u>3,368,026</u>
Less: Rental income	<u>28,362</u>	<u>22,937</u>
	<u>\$2,616,524</u>	<u>\$3,345,089</u>

## 7. Bank Loan

The bank loan is secured by shares in other companies having a carrying value of \$589,017 (quoted market value \$5,938,650).

## 8. Subsequent Event

In February 1977, the company sold one of its real estate holdings for \$1,850,000 realizing a pre-tax profit of approximately \$410,000.

## 9. Long-Term Debt

Mortgages bear interest mainly at 8% and 9% and principal repayments fall due as follows:

\$ 35,100 in	1977
98,243 in	1978
392,500 in	1979
196,250 after	1979

## 10. Stock Options

As at December 31, 1976 the company had a stock option agreement with one officer for 25,000 common shares of the company, exercisable at a price of \$1.60 per share until May 31, 1979.

## 11. Extraordinary Items

The extraordinary items consist of the following:

(a) Gain on sale of land held for investment	\$643,653
(b) Gain on sale of investment in other companies	11,882
(c) Write-down of investment in other companies	(24,999)
	<u>\$630,536</u>

## 12. Remuneration of Directors and Senior Officers

Directors and senior officers, as defined in the Business Corporations Act, received direct remuneration of \$115,785 in the year ended December 31, 1976 (\$92,343 in 1975).

## 13. Income Taxes

The companies have exploration and development expenditures, earned depletion and other deductions substantially in excess of amounts presently carried in the accounts, which may be available to reduce income taxes otherwise payable in future years.

## 14. Anti-Inflation Act

The company is subject to restraint with regard to the payment of dividends under the terms of the Anti-Inflation Act and Regulations.

## 15. Comparative Figures

Certain of the preceding year's figures have been reclassified for comparative purposes.









*File*  
**Consolidated  
Morrison  
Explorations Ltd.**

## **Interim Report**

For the six months ended  
June 30th, 1976

**AR08**





## Consolidated Statement of Earnings

for the Six Months Ended June 30th, 1976

	1976	1975
	\$	\$
<b>Income From Investments</b>		
Dividends .....	120,000	200,000
Interest .....	64,602	10,039
Joint ventures .....	9,261	17,361
	<u>193,863</u>	<u>227,400</u>
<b>Administrative and Financial Expenses</b>		
General administration .....	108,146	112,345
Bank interest .....	97,929	98,680
	<u>206,075</u>	<u>211,025</u>
Less: Amounts allocated to mining and oil exploration and applied to land held for investment .....	<u>77,390</u>	<u>159,403</u>
	<u>128,685</u>	<u>51,622</u>
<b>Earnings Before Exploration Activity and Extraordinary Items</b> .....	<u>65,178</u>	<u>175,778</u>
<b>Exploration Activity</b>		
General exploration costs .....	15,508	85,710
Mineral and oil properties abandoned and exploration expenditures applicable to properties written off ..	—	51,341
Gain on sale of leases .....	—	(11,430)
	<u>15,508</u>	<u>125,621</u>
<b>Earnings Before Extraordinary Items</b> .....	49,670	50,157
<b>Extraordinary Items</b>		
Gain (loss) on sale of investments .....	22,208	(81,252)
Write-down of investment in other companies .....	(24,999)	—
Gain on sale of land .....	648,186	—
	<u>645,395</u>	<u>(81,252)</u>
<b>Net Earnings (Loss) for the Period</b> .....	<u>695,065</u>	<u>(31,095)</u>
<b>Per Share Information</b>		
Earnings before exploration activity and extraordinary items .....	.014	.039
Earnings before extraordinary items .....	.011	.011
Net earnings (loss) for the period .....	.153	(.007)



## Consolidated Statement of Changes in Financial Position

for the Six Months Ended June 30th, 1976

	1976	1975
	\$	\$
<b>Source of Working Capital</b>		
Current Operations:		
Net earnings for the period before extraordinary items	49,670	50,157
Items not affecting working capital:		
Depreciation	3,521	2,014
Net cost of oil leases sold	—	20,911
Income from joint ventures	(9,261)	(17,361)
	43,930	55,721
Proceeds on sale of shares in other companies	58,197	6,158
Proceeds on sale of land held for investment	1,479,903	—
Reduction in mining and oil properties	—	6,924
Reduction of investment in and advances to joint ventures	85,441	—
	1,667,471	68,803
<b>Use of Working Capital</b>		
Mortgages on real estate	1,205,054	—
Investment in and advances to joint ventures	—	164,185
Additions to mining and oil properties	780	—
Deferred exploration expenditures	106,875	1,444
Carrying charges on land held	55,115	76,519
Reduction of mortgages on real estate	15,439	16,563
Addition to fixed assets	20,082	715
	1,403,345	259,426
Increase (decrease) in working capital	264,126	(190,623)
Working capital deficiency — beginning of period	2,071,582	1,838,077
Working capital deficiency — end of period	1,807,456	2,028,700

Certain 1975 comparative figures in the consolidated statement of changes in financial position have been reclassified to conform with 1976 presentation.



Suite 1700  
11 King Street West  
Toronto, Canada M5H 1A9



## President's Report to Shareholders

Enclosed are the unaudited consolidated statements of earnings and changes in financial position of Consolidated Morrison Explorations Limited for the six months ended June 30th, 1976 together with comparative figures for the same period last year.

The improvement in earnings and working capital reflects the sale of a real estate investment made some years ago. Dividend income is lower as a result of a reduction in the dividend rate paid by Noranda Mines Ltd. Quarterly payments by Noranda were at the rate of 30 cents a share, compared with 50 cents paid previously.

The outlook for Noranda Mines is improving however, with second quarter earnings of that company higher than in the first quarter. Your company's investment in Noranda totals 200,000 shares. These had a recent market value of some \$7.6 million, the equivalent of approximately \$1.67 per Consolidated Morrison share. This recent value of Noranda holding is an improvement from the market value of \$5.8 million at the end of 1975.

During the first half of the year, all exploration projects were carried forward. Here are highlights of current activities on three major efforts.

### **Urex Project**

Drilling and ground exploration is providing some encouragement on the Agnew Lake claims of the Urex uranium exploration project in the Agnew Lake-Blind River area of northwestern Ontario. Some exploratory diamond drilling was undertaken on the Flack Lake property but to date the geological strata being sought have not been encountered. The Urex Project is in association with Norcen Energy Resources Ltd. which acquired an option in March 1976 by committing to spend an initial \$400,000 in exploration on these properties. Consolidated Morrison presently holds a 60% interest in the 28,000 acres involved.

### **Township 168 Project**

Imperial Oil has a second deep drill hole underway to follow up the promising results of the first hole completed in February, 1976. This probe started in June and is currently at a depth of 1,100 feet. Basement is expected to be encountered below 4,000 feet. This second hole of the current program is more than 5,000 feet west of the previous drilling and is located on property jointly optioned by Consolidated Morrison and Imperial Oil. The deep hole drilled last winter returned an 18.6 foot section grading 0.34 lbs.  $U_3O_8$  per ton. This section was at a depth of 4,208 feet to 4,237 feet. Imperial Oil has an option to earn a 50% interest in the 82 claim property with completion of this second hole. The Township 168 Project is an attempt to discover a major bedded uranium deposit in the western part of the Blind River basin.

### **Flin Flon Project**

Drilling is to start soon on selected anomalies as part of an expanded exploration program on the 180,000 acre Saskatchewan permit, south of Flin Flon, Manitoba. The drilling is on targets indicated by a further airborne electromagnetic survey of the volcanic areas located in previous work, considered favourable for base metal mineralization. Expansion of activity is the result of a recent joint venture agreement with the Saskatchewan Mine Development Corporation.

On behalf of the Board of Directors

A. W. Stollery

July 30, 1976